

# What is The Shanghai Cooperation Organization (SCO)? Tectonic Shift in Global Geopolitics, Strategic Agreement between Russia and China

The West has paid little attention to the Shanghai Cooperation Organization. This is set to change as it becomes increasingly influential in global geopolitics

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*Think of international organizations and groups like the UN, World Bank and the IMF might come to mind. The Shanghai Cooperation Organisation (SCO) likely doesn't make most people's lists. The SCO is probably the biggest international organization that you've never heard of, and that's likely because the West is being expressly excluded. However, the SCO is increasingly influential and is set to only become more well-known in the West.*

What is the SCO?

The SCO is largely a story about Russia and China coming together, but it's also more than that. Its emergence is testing Sir Halford Mackinder's [1904 thesis](#):

'Whoever rules East Europe, will rule Heartland; whoever rules the Heartland, will rule the World Island; whoever rules the World Island, will rule the world.'

The origins of the SCO were in a loose-knit grouping of China, Russia and three former Soviet republics - Kazakhstan, Kyrgyzstan and Tajikistan - who came together in 1996 to address unresolved border disputes following the 1991 dissolution of the Soviet Union. The group first met in Shanghai and so became known as the 'Shanghai Five', but in 2001 the members decided to establish themselves as a permanent new international organization. The SCO also added Uzbekistan that same year. The organization makes its decisions by consensus, and all members must adhere to the core principles of non-aggression and non-interference in the internal affairs of other members.

After successfully agreeing to demarcated borders, the SCO members moved on to address a set of common security-related concerns such as counter-terrorism, intelligence sharing and military cooperation.

Russia, China and the Central Asian republics are all seeking to establish greater security across the region. In addition to Russia's experience in Chechnya and China's efforts to quash the restive Muslim population in its western Xinjiang province, the Central Asian states are likewise worried about terrorism by Islamist groups in several of their countries. This is reflected in the fact that whilst the SCO is headquartered in Beijing, its regional anti-

terrorist operations are run out of Tashkent in Uzbekistan.

All SCO members are worried about the unrest in neighbouring Afghanistan spilling over into their countries.

Others, however, have interpreted the SCO security efforts as an authoritarian commitment to [preventing](#) any more 'colour revolutions' – such as the Rose revolution in Georgia in 2003 or Ukraine's Orange revolution in 2004 – from erupting amongst its members.

Between 2004 and 2005, the SCO admitted Mongolia, Pakistan, India, and Iran as observers. But in June 2017, it formally admitted both Pakistan and India as full voting members. With the entry of India and Pakistan, the SCO's eight full members now represent 20 per cent of the world's GDP, 42 per cent of its population and include four of the declared nuclear powers.

Currently, the SCO has four non-voting 'observer states' that include Afghanistan, Belarus, Iran and Mongolia, and six 'dialogue partners' that include Turkey, Azerbaijan, Armenia, Cambodia, Nepal and Sri Lanka.

While its original main focus was to coordinate the fight against 'terrorism, extremism, and separatism' in the region, the SCO has more recently committed to also fostering deeper economic integration between member states. This has been especially underscored by China's ambitious One Belt, One Road initiative, or now called the [Belt and Road Initiative](#) (BRI), which comprises nearly USD \$1 trillion in multiple projects for building infrastructure, roads, railways and ports across Asia to connect China's eastern seaboard with South Asia, Russia and Europe. It is considered among the most ambitious infrastructure projects in history.

It is partly as a result of its recent and potential membership changes that the SCO is about to become much more well known in the West. Following its admission of India and Pakistan as full members in June, the SCO is now also seriously considering admitting Turkey – a US NATO ally, and Iran – a major US adversary, as full members as well. Both are moves that would surely set off alarm bells in the West.

In many ways the foundation of the SCO is based a strategic agreement between Russia and China to cooperate in ways to enhance their mutual military and economic interests across Asia. Although Russia is a declining regional power, it remains a major energy exporter and maintains a strong military-industrial base. And while China's military technology is not on par with Russia's, its economic prowess is certainly on the rise. In the crudest sense, the core of the SCO is based on the Russia-China strategic [bargain](#) – Russia has the guns, and China has the money. Together, they are seeking to dominate Mackinder's World Island.



Source: The Indian Express

With India and Pakistan now on board, and with Turkey and Iran waiting in the wings, the SCO could ultimately become a force the West must reckon with.

The China-Russia relationship

The Russia-China arrangement is based on the melding of the Russia-led Eurasian Economic

Union (EEU) and its Collective Security Treaty Organization (CSTO) with China's financial heft and ambitious BRI infrastructure plans for connecting the continent economically.

The SCO has facilitated increased bilateral trade and investment between the two Asian giants as well as stepped up military cooperation, including joint war games consisting of land, air and sea manoeuvres.

Many observers believe that the international economic sanctions placed against Russia by the US and Europe in 2014 in response to Russia's invasion of Ukraine and annexation of Crimea, and kicking Russia out of the G8, helped to push Russia further into the arms of China. For example, that same year Russia and China agreed to \$400 billion deal to build a 2,500-mile gas pipeline from Russia to China's Heilongjiang province that would supply 38 billion cubic meters (bcm) of gas to China annually for 30 years, beginning in 2019. And more recently, this was followed by a second deal for Russia to build another pipeline from western Siberia to China's Xingjiang province that would deliver 30 bcm of gas for 30 years. If both pipelines are completed as planned, the 68 bcm they will deliver to China annually would [dwarf](#) the 40 bcm that Russia currently exports to Germany today.

Russia and China had previously come together as communist powers during the Cold War era in the 1950s and 60s, when they were allied against the capitalist West. But following US President Nixon's opening to China in 1972, the alliance fell apart as China began cooperating with the US to check the increasing power of the Soviet Union. Following the end of the Cold War, a China-Russia rapprochement began in the 1990s, ultimately leading to the informal Shanghai Five group meetings that evolved into the SCO.

According to Harvard University's Professor [Joseph Nye](#), a Cold War expert and former US assistant secretary of defense, this earlier alliance was largely due to China's weakness following World War II and at the beginning of the Cold War, whereas today China is the stronger partner and can extract more benefits from Russia. Nye believes this new power imbalance was reflected in the gas deals, in which it is widely believed that China was given a low price only because Russia was so eager to sign the deals. Additionally, Russia's long-term trade imbalance is likely to worsen as it only exports raw materials in exchange for more advanced Chinese manufactured goods.

In the new alliance, while China is driving the financing for the new infrastructure across Asia, Russia is seeking to retain its influence as the security guarantor in the region, maintaining its series of military bases in Central Asia, stepping up its arms deals, and continuing to lead its Collective Security Treaty Organization (CSTO), a Russia-led security bloc of former Soviet countries. This arrangement works well for Russia, which is eager to maintain its military clout in the region, and for China, which is reluctant to send its troops abroad but wants improved security.

Some strategic differences have remained, however. For example, since 2010, China has sought the establishment of an SCO Development Bank and a free trade zone for the region. But Russia has blocked these efforts, [fearing](#) China would use such mechanisms to economically dominate the region. However, there are recent indications that Russia may be willing to accede.

India and Pakistan join the SCO

The SCO took an astounding step forward in June 2017 when it simultaneously added both

India and Pakistan as full members. Some [analysts](#) hope that by having both countries in a new multilateral setting, it could provide [possibilities](#) for informal negotiations to finally resolve the border disputes that have existed since India and Pakistan became independent states in 1947, just as the Shanghai Five group had made possible for Russia and China. Others are less optimistic about such prospects. And for many, the idea of India and Pakistan cooperating on regional counter-terrorism efforts seems a bit far-fetched. Indeed, even getting all the SCO members to agree which groups should be called 'terrorists' will be a challenge.

Yet, the world is changing quickly.

India's membership had been supported by Russia while Pakistan's entry into the group was supported by China. India has long been a major purchaser of Russian military hardware and the two countries are currently partnering on the joint-development of nuclear submarines, fighter jets, and satellite technology. India is hoping its entry into the SCO will help secure its future access to desperately needed gas and energy supplies in Central Asia.

From its perspective, Russia views the entry of India and Pakistan into the SCO as a way to diminish the outsized role of China's economic power within the group. At the same time, China stands to benefit from its massive infrastructure investments in Pakistan that are a key part of its BRI initiative and will secure the connection between Central Asia and ports on the Arabian Sea. Likewise, the smaller SCO members in Central Asia will also benefit from the entry of India and Pakistan as it means they are likely to be less squeezed by the overbearing interests of China and Russia.

But the most important underlying dynamic behind the entry of India and Pakistan is the need of the SCO to finally get a political settlement in Afghanistan. All of the major long-term security and economic goals of the SCO are based on the ability to build infrastructure and allow commerce to flow smoothly through what has long been the region's major hotbed of instability. But a final settlement in Afghanistan may end up looking nothing like what the US is hoping for. In fact, there are mounting [indications](#) that the political calculus within Afghanistan is [changing](#) as Russia, Iran, and China are [aligning](#) with Pakistan to [support the Taliban](#) against the current US-backed regime. Ultimately, these regional powers may collectively decide to add Afghanistan as a full SCO member - and then have it request the US and NATO forces to leave.

Bringing in Iran

Iran has had observer status in the SCO since 2005 and has been lobbying for full membership since 2008, but was blocked due to the international economic sanctions placed against it for its nuclear activities. But since the lifting of the international sanctions against Iran in 2015, both [Russia](#) and [China](#) have begun to fully support Iran's full membership in the SCO.

China has close economic and diplomatic ties with Iran, and was also instrumental in pushing through the 2015 deal that ended the sanctions. Furthermore, in 2016, China and Iran [signed](#) a 25-year strategic cooperation agreement that envisions closer defence and intelligence ties, including efforts to strengthen Iran's naval capacities in the Indian Ocean. Russia, too, has been [stepping up](#) its military coordination with Iran, particularly in the effort to shore up the Assad regime in Syria.

Because of its massive supplies of oil and gas reserves, Iran's entry into the SCO would be an important step towards realizing Russia's dream of establishing a '[natural gas OPEC](#)'. Iran, Russia, and Turkmenistan hold the world's first, third, and fourth largest reserves of natural gas, and could collectively raise global prices by forging a cartel (While Turkmenistan has not joined the SCO due to its formal position of international neutrality, it maintains extensive informal engagements with the group). Not to mention that Iran could also one day potentially provide the SCO with a fifth nuclear arsenal.

### Bringing in Turkey

In 2012, Turkey, a member of NATO, was granted 'dialogue partner' status in the SCO. But it was in late 2016 when Turkey sent [shockwaves](#) through the region by announcing it could abandon its 11-year long formal bid to join the European Union and instead seek entry into the SCO.

The dramatic shift was in response to mounting tensions between Turkey and the EU following the Erdogan government's harsh crackdown on dissidents in the wake of an abortive coup attempt in July 2016. The political repression that followed the coup attempt led to a vote by the European Parliament to freeze Turkey's EU accession talks, which angered Ankara. Despite the fact that the EU remains Turkey's largest trading partner, the country is now signalling its desire to join the SCO. Doing so may require Turkey abdicating its membership in NATO.

The idea was warmly received by both Russia and China, who [responded](#) by granting Turkey the chairmanship of the SCO's energy club for the 2017 period, making it the first 'dialogue partner' country to chair an SCO club without having yet achieved full membership status.

Turkey's relations with China and Russia have been steadily [improving](#) in recent years, and with its extensive gas pipeline projects underway and its proximity to European markets, Turkey is enthusiastic about fully integrating into China's BRI infrastructure initiative for Asia.

### The marginalization of the US

At the end of the Cold War in the early 1990s, establishment conservatives in the US [warned](#) against triumphantly expanding NATO into Eastern Europe and right up to the border with Russia, saying it would be too provocative and ultimately counterproductive. Yet that is what successive US administrations went on to do.

And following the US invasion of Afghanistan in 2001, the 'Neo-cons' of the Bush administration promised to expand US bases all over Central Asia and beyond. Therefore, it was not surprising that the US request for observer status in the SCO was promptly rejected in 2005, nor that the SCO issued a declaration that same year calling on the US to withdraw its air base from Uzbekistan. Kyrgyzstan followed suit in 2014 by calling on the US to close its air base there as well.

To Russia and China, another source of frustration was the unwillingness of the Western powers to meaningfully adjust the leadership at the WTO, IMF and World Bank to accommodate politically them as major world powers. Therefore, it was also [not surprising](#) that China and Russia would seek to establish the BRICS group (Brazil, Russia, India, China, South Africa), or that China would create the Asian Infrastructure Investment

Bank (AIIB). Notably, many of the closest allies of the US would join the AIIB despite American admonitions against doing so. The UK joined the AIIB in 2015.

Tectonic shifts in global geopolitics

Thus, we have arrived at this historic inflection point in international politics. At a time when the UK is moving to leave an economically weakened EU and NATO is congratulating itself for adding tiny Montenegro into its alliance, the SCO is making historic strides by adding India and Pakistan and now threatening to add Iran and Turkey as well.

While the SCO is not a full military alliance akin to NATO, it is not impossible to imagine that Russia and China will respond to a US deployment of missile defense systems in South Korea by stepping up their cooperation on building an SCO-based joint missile defense system.

None of this means SCO members cannot also still be friends with the West: Europe, which is dependent on Russian gas, may yet repair its ties with Moscow; India is still deepening its defense ties to the US and Japan; NATO would like Turkey to remain in the alliance; and China has embarked on a serious agreement for carbon emission reductions with the US.

Yet, the emergence of the SCO asserting ever greater control over Mackinder's World Island reflects the fact that tectonic shifts are underway in global geopolitics, and that in terms of relative power, the US has become increasingly marginalized. And that may be why so few in the West have ever even heard of the SCO. But all the signs are that this is likely to change.

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